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Audubon Nature Institute, Inc. and Audubon Nature Institute Foundation

Consolidated Financial Statements and Additional Information as of and for the Year Ended December 31, 2009, and Independent Auditors' Report

AUDUBON NATURE INSTITUTE, INC. AND AUDUBON NATURE INSTITUTE FOUNDATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Audubon Nature Institute, Inc.:

We have audited the accompanying consolidated statement of financial position of Audubon Nature Institute, Inc. and Audubon Nature Institute Foundation (the "Institute"), as of December 31, 2009, and the related consolidated statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Institute's 2008 consolidated financial statements and, in our report dated May 21, 2009, we expressed an unqualified opinion on those consolidated financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Institute as of December 31, 2009, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit of the Audubon Nature Institute, Inc. and Audubon Nature Institute Foundation as of and for the year ended December 31, 2009 was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The additional consolidating information for 2009 is presented for the purpose of additional analysis of the basic consolidating financial statements rather than to present the financial position and results of operations of the individual companies, and is not a required part of the basic consolidated financial statements. The additional consolidating information is the responsibility of the Institute's management. Such information has been subjected to the auditing procedures applied in our audit of the basic 2009 consolidated financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic 2009 consolidated financial statements taken as a whole.

Deloitte & Touche LLP

April 30, 2010

AUDUBON NATURE INSTITUTE, INC. AND AUDUBON NATURE INSTITUTE FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2009 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2008

	2009	2008
ASSETS		
CASH AND CASH EQUIVALENTS	$ 109,684	$ 301,369
ACCOUNTS AND GRANTS RECEIVABLE	830,235	944,573
INVESTMENTS AND ASSETS LIMITED AS TO USE	28,454,482	22,424,140
PLEDGES RECEIVABLE	3,284,831	3,972,208
DUE FROM AUDUBON COMMISSION	9,106,782	10,682,557
PREPAIDS AND OTHER ASSETS	24,275	43,037
EQUIPMENT LESS ACCUMULATED DEPRECIATION OF $61,988 AND $61,625 AT 2009 AND 2008, RESPECTIVELY	21,140	29,507
RESTRICTED ASSETS — LPFA bonds	124,813	135,654
TOTAL	$ 41,956,242	$ 38,533,045
LIABILITIES AND NET ASSETS		
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	$ 140,008	$ 244,651
ACCRUED COMPENSATION	1,683,029	1,065,608
LINES OF CREDIT	3,500,000	4,000,000
TERM LOANS	1,636,364	2,250,000
LPFA REVENUE BONDS	1,425,000	1,630,000
Total liabilities	8,384,401	9,190,259
NET ASSETS:		
Unrestricted — including Board designated	9,754,174	5,563,950
Temporarily restricted	6,640,415	6,773,507
Permanently restricted	17,177,252	17,005,329
Total net assets	33,571,841	29,342,786
TOTAL	$ 41,956,242	$ 38,533,045

See notes to consolidated financial statements.

AUDUBON NATURE INSTITUTE, INC. AND
AUDUBON NATURE INSTITUTE FOUNDATION

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009, WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2009	Totals 2008
REVENUE AND OTHER SUPPORT:					
Government grants	$ 114,990	$ 82,628	$ -	$ 197,618	$ 548,753
Gifts, exhibit/program sponsorships	245,106	2,856,387	77,000	3,178,493	3,688,808
Investment income (loss)	5,212,832		546,993	5,759,825	(9,798,105)
Imputed interest (income) expense on pledges		(8,502)		(8,502)	73,421
Fundraising activities	1,088,723			1,088,723	1,228,692
Net assets released from restrictions:					
Specific grants to the Audubon Commission for operations, support, education programs, and capital projects	2,870,407	(2,870,407)		-	-
Endowment income transferred to Audubon Commission funds	(22,457)		(451,902)	(474,359)	(1,108,444)
Total revenue and other support	9,509,601	60,106	172,091	9,741,798	(5,366,875)
EXPENSES:					
Grant expense to the Audubon Commission	3,478,681			3,478,681	5,354,446
Development and fundraising activities	1,619,960			1,619,960	1,473,629
Termite education grant		92,009		92,009	85,994
Interest	121,762			121,762	75,499
Investment expenses	98,974		168	99,142	98,849
Other expenses		101,189		101,189	8,187
Total expenses	5,319,377	193,198	168	5,512,743	7,096,604
CHANGE IN NET ASSETS	4,190,224	(133,092)	171,923	4,229,055	(12,463,479)
NET ASSETS — Beginning of year	5,563,950	6,773,507	17,005,329	29,342,786	41,806,265
NET ASSETS — End of year	$ 9,754,174	$ 6,640,415	$ 17,177,252	$ 33,571,841	$ 29,342,786

See notes to consolidated financial statements.

AUDUBON NATURE INSTITUTE, INC. AND AUDUBON NATURE INSTITUTE FOUNDATION

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2009 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 4,229,055	$ (12,463,479)
Adjustments to reconcile change in net assets to net cash provided by (used in) operations:		
Realized losses (gains) on investments	1,269,609	(2,472,705)
Unrealized (gains) losses on investments	(6,660,120)	12,849,419
Receipt of stock gifts	(29,215)	(55,568)
Imputed interest (income) expense on pledges	8,502	(73,421)
New pledges recorded	(813,000)	(1,950,000)
Depreciation	8,367	9,308
Pledge payments	1,491,875	1,298,778
Accounts and grants receivable, due from Audubon Commission, and other assets	1,708,875	(1,163,786)
Accounts payable and other liabilities	512,778	96,279
Net cash provided by (used in) operating activities	1,726,726	(3,925,175)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales or maturities of investments and assets limited as to use	4,601,736	11,071,232
Purchases of investments and assets limited as to use	(5,212,352)	(11,765,378)
Property additions — net		(5,480)
Restricted assets — net	10,841	2,750
Net cash used in investing activities	(599,775)	(696,876)
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Repayments) draws under lines of credit — net	(500,000)	4,000,000
Repayments of term loan		(663,527)
Payments on the Packard Foundation Loan	(613,636)	(750,000)
Repayment of bonds	(205,000)	(205,000)
Net cash (used in) provided by financing activities	(1,318,636)	2,381,473
NET DECREASE IN CASH AND CASH EQUIVALENTS	(191,685)	(2,240,578)
CASH AND CASH EQUIVALENTS — Beginning of year	301,369	2,541,947
CASH AND CASH EQUIVALENTS — End of year	$ 109,684	$ 301,369

See notes to consolidated financial statements.

1. DESCRIPTION OF THE ORGANIZATION

Audubon Nature Institute, Inc. is a nonprofit organization incorporated October 31, 1975. The Audubon Nature Institute, Inc. is exempt from income tax under Section 501(c)(3) of the United States Internal Revenue Code. The Audubon Nature Institute, Inc. manages and operates the Audubon Commission (the "Commission") facilities located at the Audubon Zoo and Park, the Aquarium and Riverfront Park, the Species Survival Center, the Louisiana Nature Center, and the Audubon Insectarium (the "Facilities") under a contractual management agreement. Facility revenues and expenses (including salary expense) are recorded by each facility in accordance with this management agreement. The Facilities had combined operating revenues of approximately $34,507,000 for the year ended December 31, 2009, and combined total assets of approximately $158,001,000 at December 31, 2009.

Audubon Nature Institute Foundation (the "Foundation"), is a separate nonprofit organization exempt from income tax under Section 501(c)(3) of the United States Internal Revenue Code and was incorporated February 8, 1991. Its mission is to raise funds to support the education programs and other activities managed by the Audubon Nature Institute, Inc. but the Foundation remains a separate legal entity. Since the Audubon Nature Institute, Inc. and the Foundation (collectively referred to herein as the "Institute") are related through common mission, board representation and common management, the accompanying consolidated financial statements include the accounts of the Audubon Nature Institute, Inc. and Foundation.

The Institute obtains donations, gifts and grants, and conducts fundraising activities in furtherance of its exempt purpose. The revenues and net assets reflected in these financial statements are the result of these activities. Specific grants to the Audubon Commission consist of donations received and grants obtained by the Audubon Nature Institute, Inc. for operating support and capital improvements of the Facilities discussed above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The financial statement presentation is presented in accordance with the requirements of the Financial Accounting Standards Board (FASB) in ASC 958-20, *Not-for-Profit Entities, Financially Interrelated Entities*. Pursuant to ASC 958-20, the Institute reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted — Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.

Temporarily Restricted — Net assets whose use by the Institute is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Institute pursuant to those stipulations such as completion of construction projects. In most cases, such actions require the expenditure of personnel effort or other costs before such assets can be released.

Permanently Restricted — Net assets whose use by the Institute is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Institute.

The Institute reports gifts of cash and other assets as restricted support if they are received with donor imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to unrestricted net assets or permanently restricted net assets. The permanently restricted classification is also referred to as an endowment fund. Earnings from these assets are periodically transferred to the Commission's operating fund.

The consolidated financial statements include certain prior-year summarized comparative information of the Institute in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents — Cash equivalents include short-term investments with an original maturity of three months or less, except cash invested in money market accounts that are classified as assets limited as to use.

Investments —The Institute records investments in accordance with ASC 958-320, *Not-for-Profit Entities, Investments – Debt and Equity Securities*. ASC 958-320 establishes standards for the recognition of fair value of investment in certain equity and debt securities with gains and losses included in the statements of activities. All investment income and recognized gains and losses are reported on the statement of activities and classified as unrestricted unless restricted by the donor or applicable law.

Assets limited as to use —Assets limited as to use primarily include cash invested in money market accounts which are designated assets set aside by by the board to provide additional financial support to the Commission when needed, over which the board retains control and may at its discretion subsequently use for other purposes.

Pledges Receivable and Contributions Received — The Institute recognizes contributions received as revenue in the period received and as assets, decreases in liabilities or expenses depending on the form of benefits received. Pledges receivable are recorded net of any allowance for uncollectible pledges and at net present value. A discount factor of 1.7% is applied to scheduled future pledge payments.

Equipment — Equipment is capitalized at cost and depreciated using the straight-line method over a period of five to ten years.

New Accounting Pronouncements — In January 2010, the FASB issued Accounting Standards Update (ASU) 2010-07, which codifies ASC 350, *Intangibles – Goodwill and Other*, (formerly FASB Statement 164, *Not-for-Profit Entities: Mergers and Acquisitions*). ASU 2010-07 provides guidance on how a not-for-profit entity determines whether a combination is a merger or an acquisition, applies the carryover method in accounting for a merger, applies the acquisition method in accounting for an acquisition, including determining which of the combining entities is the acquirer; and determines what information to disclose to enable users of financial statements to evaluate the nature and financial effects of a merger or an acquisition. ASU 2010-07 is effective prospectively for mergers that occur at or after the beginning of an initial reporting period that begins on or after December 15, 2009, and acquisitions that occur at or after the beginning of the first annual reporting period that begins on or after December 15, 2009. Management does not believe the adoption of the amended provisions of ASC 350 will have any impact on the Institute's consolidated financial statements.

In June 2009, the FASB revised ASC 105, *Generally Accepted Accounting Principles*, to establish a hierarchy of generally accepted accounting principles (GAAP) to identify the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with GAAP in the United States. All guidance contained in the codification carries an equal level of authority. The amended provisions of ASC 105 were effective for interim and annual periods ending after September 15, 2009. The Institute adopted the amended provisions of ASC 105 in 2009, and it did not have a material impact on the Institute's consolidated financial statements.

In May 2009, the FASB issued ASC 855, *Subsequent Events*, which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. ASC 855 requires disclosure of the date through which an entity has evaluated subsequent events and the basis for that date, and is effective for interim and annual periods ending after June 15, 2009. The Company adopted the provisions of ASC 855 effective September 30, 2009 and its implementation did not have a material impact on the Company's consolidated financial statements.

In February 2007, the FASB revised ASC 825, *Financial Instruments*, to permit companies to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing companies with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The fair value option established by ASC 825 permits all companies to choose to measure eligible items at fair value at specified election dates. At each subsequent reporting date, a Company shall report in earnings any unrealized gains and losses on items for which the fair value option has been elected. The amended provisions of ASC 825 became effective for the Institute on January 1, 2008. The Institute has not elected to use the fair value option under the amended provisions of ASC 825.

In July 2006, the FASB revised ASC 740, *Accounting for Uncertainty in Income Taxes*, to clarify the accounting and disclosure for uncertain tax positions, as defined. ASC 740 seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. ASC 740 was adopted by the Institute on January 1, 2009 and the adoption of ASC 740 did not have a material impact on its consolidated financial statements.

3. INVESTMENTS AND ASSETS LIMITED AS TO USE

Investments and assets limited as to use are carried at fair value which was determined by reference to market information and published sources. At December 31, 2009 and 2008, investments and assets limited as to use consist of the following:

	2009	2008
Audubon Nature Institute, Inc.		
Marketable equity securities	$ 8,013	$ 4,376
Mutual funds (invested primarily in equity and bond funds)	1,647,437	942,726
	1,655,450	947,102
Foundation		
Marketable equity securities	17,684,652	14,675,363
Alternative investments	7,397,915	6,416,035
Internally designated — money market accounts	1,716,465	385,940
	26,799,032	21,477,338
Total investments and assets limited as to use	$28,454,482	$22,424,440

Alternative Investments — Alternative investments include private equity funds and hedge funds structured as limited liability corporations or partnerships or trusts. These funds invest in certain types of financial instruments, including, among others, futures and forward contracts, options, and securities sold not yet purchased, intended to hedge against changes in the market value of investments. These financial instruments, which involve varying degrees of off-balance-sheet risk, may result in loss due to changes in the market (market risk). These investments without readily marketable fair values are accounted for under the equity method, which approximates fair value.

Investment income (loss) of the Institute is comprised of the following:

	2009	2008
Realized and unrealized gains and (losses) on securities — net	$5,390,512	$(10,376,714)
Dividend and interest income	369,313	578,609
Total investment income (loss)	$5,759,825	$ (9,798,105)

Board designated assets are unrestricted funds that are invested on a pooled basis with permanently restricted assets in accordance with Board approved plans. These funds are collectively invested as the Foundation's endowment fund. Board designated net assets totaled approximately $9,061,000 and $4,317,000 as of December 31, 2009 and 2008, respectively.

4. PLEDGES RECEIVABLE

Unconditional promises of donors to make contributions to the Institute are included in the financial statements as pledges receivable and revenue of the temporarily restricted net asset class. Pledges are recorded after discounting future cash flows to the present value. Pledges receivable for the years ended December 31, 2009 and 2008, are expected to be realized as follows:

	2009	2008
In one year or less	$1,645,155	$1,854,885
Between one and five years	1,707,939	2,177,084
	3,353,094	4,031,969
Less discount (1.7% and 1.0% at December 31, 2009 and 2008, respectively) and allowance for uncollectible pledges	(68,263)	(59,761)
Pledges receivable	$3,284,831	$3,972,208

Pledges receivable for the years ended December 31, 2009 and 2008, have restrictions as follows:

	2009	2008
Specific capital projects	$2,368,929	$2,526,166
Other — general capital and operating support	915,902	1,446,042
Total pledges receivable	$3,284,831	$3,972,208

5. TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

The Institute has 13 temporarily restricted funds and 19 permanently restricted funds established for a variety of purposes. These funds are classified and reported based on the existence or absence of donor-imposed restrictions. Restricted net assets include funds dedicated to the Facilities.

The Uniform Management of Institutional Funds Act (UMIFA Act) requires that the Institute preserve the historic dollar value of the donor restricted endowed funds. Therefore, permanently restricted net assets contain the aggregate fair market value of (1) an endowment fund at the time it became an endowment fund, (2) each subsequent donation to the fund at the time it is made, and (3) each accumulation made pursuant to a direction in the applicable gift instrument at the time the accumulation is added to the fund. The Institute invests its funds in companies and opportunities whose operational philosophy and management activities are consistent with the overall mission and objectives of the Institute. The primary objective is the long term growth of the fund's assets. It is recognized that short-term fluctuations may result in the loss of capital earned on occasion. However, in the absence of contributions and withdrawals, the asset value of the funds should grow in the long run and earn rates of return greater than those of an appropriate market index, while avoiding excess risk. The next objective is the preservation of purchasing power. Asset growth, exclusive of contributions and withdrawals, should exceed the rate of inflation as measured by the Consumer Price Index. The final objective is to preserve the value of the assets by earning a positive return over the investment time horizon. The annual distributions from the endowment funds are 5% and are based upon a 5 year rolling average of the value of the funds.

Temporarily restricted net assets as of December 31, 2009 and 2008 are available for purposes or periods as follows:

	2009	2008
Pledges and grants receivable for periods after year-end	$4,150,325	$4,863,662
Capital projects at Zoo and Park, Insectarium, and Aquarium	1,195,205	685,897
Education programs at the Zoo, Aquarium, and Nature Center	300,496	372,254
Operating support for the Zoo and Park, Insectarium, and Aquarium	994,389	851,694
Total temporarily restricted net assets	$6,640,415	$6,773,507

Permanently restricted net assets as of December 31, 2009 and 2008 must be invested in perpetuity, but the income from these investments is available to support the following:

	Permanently Restricted Net Assets		Income Transferred to	
	2009	2008	2009	2008
Aquarium of the Americas and Riverfront Park	$ 5,324,884	$ 5,324,884	$ -	$ 493,090
Survival Center/Research Center	8,411,081	8,411,081	350,462	420,554
Audubon Zoo and Park	2,235,138	2,158,306	98,542	151,037
Louisiana Nature Center	1,206,149	1,111,058	25,355	43,763
Total	$17,177,252	$17,005,329	$474,359	$1,108,444

Changes in Restricted Net Assets for the Year Ended December 31, 2009

	Temporarily Restricted	Permanently Restricted	Total
Beginning balance	$ 6,773,507	$17,005,329	$23,778,836
Investment income		546,992	546,992
Contributions	2,939,015	77,000	3,016,015
Appropriations for expenditures	(2,962,416)	(451,902)	(3,414,318)
Other	(109,691)	(167)	(109,858)
Ending balance	$ 6,640,415	$17,177,252	$23,817,667

Changes in Restricted Net Assets for the Year Ended December 31, 2008

	Temporarily Restricted	Permanently Restricted	Total
Beginning balance	$ 7,906,115	$17,143,181	$25,049,296
Investment income		631,451	631,451
Contributions	3,481,305	66,000	3,547,305
Appropriations for expenditures	(4,679,147)	(835,135)	(5,514,282)
Other	65,234	(168)	65,066
Ending balance	$ 6,773,507	$17,005,329	$23,778,836

6. RELATED-PARTY TRANSACTIONS

The Audubon Nature Institute, Inc. and the Commission are related through interaction of their Boards of Directors and the contractual management agreement under which the Institute manages and operates the Facilities. As a result, these entities often engage in operations through one organization that benefits the other organization to achieve economies of scale. One example of this is the use of common or central bank accounts. The Institute has committed that it has the intent and ability to continue funding the operations of the Commission through operating advances, donations and grants, if necessary, in order to provide the required level of financial support to enable the Commission to discharge its liabilities in the normal course of business as they become due through January 1, 2011. The Institute has no plans in the next 12 months to demand payment on the amounts receivable from the Commission at December 31, 2009. At December 31, 2009 and 2008, the Institute's receivables from and payables to the Commission are summarized as follows:

	2009	2008
Due from Audubon Commission	$9,106,782	$ 10,682,557

Specific gifts and grants provided by the Audubon Nature Institute, Inc. to the Facilities to pay operating expenses and fund certain capital projects for the years ended December 31, 2009 and 2008, are summarized as follows:

	2009	2008
Audubon Zoo and Park	$ 1,573,680	$ 1,484,608
Aquarium of the Americas and Riverfront Park	863,041	155,883
Survival Center\Research Center	1,041,960	1,274,502
Insectarium		2,439,453
Total	$3,478,681	$5,354,446

7. EMPLOYEE BENEFIT PLANS

The Audubon Nature Institute, Inc. has established a tax-deferred annuity plan for the benefit of all full-time employees. The plan provides for the purchase of annuities which qualify for tax deferral. Employees may participate on an optional basis by contributing between 2% and 15% of their salary, not to exceed limits established by the Internal Revenue Service. The Audubon Nature Institute, Inc.

matches employee contributions up to 3% of base salary. Contributions are not subject to Federal income taxes and accumulate on a tax-deferred basis until withdrawn. The Audubon Nature Institute, Inc.'s contributions amounted to approximately $5,700 and $5,900 for 2009 and 2008, respectively.

The Audubon Nature Institute, Inc. also has a discretionary 457(f) Executive Retirement Plan for three of its officers. The plan provides additional compensation based on years of service and estimated pay at retirement. Total contributions amounted to approximately $298,000 and $448,000 for 2009 and 2008, respectively. The liability related to the plan totaled approximately $1,672,000 and $1,054,000 at December 31, 2009 and 2008, respectively and is recorded in accrued compensation in the accompanying financial statements.

8. BANK LINES OF CREDIT

At December 31, 2009 and 2008, the Audubon Nature Institute, Inc. has three unsecured revolving lines of credit with three commercial banks totaling $4,000,000. One of the credit lines is in the amount $2,000,000 and the other two credit lines total $1,000,000 each. In addition, standby letters of credit total $2,323,237 at December 31, 2009 and 2008.

At December 31, 2008, the $2,000,000 credit line bore interest at prime minus 1.25% (2.75% at December 31, 2008) which expired on January 31, 2009. Amounts outstanding under this line of credit total $2,000,000 at December 31, 2008. This credit line was extended until April 30, 2009 with interest terms of the greater of prime plus 2% or the one month Libor plus 2% (5.25% at December 31, 2009). Effective May 1, 2009, this line of credit was extended and reduced to $1,000,000 with a maturity date of January 10, 2010 and was renewed until March 2011. Amounts outstanding under this credit line are $1,000,000 at December 31, 2009.

At December 31, 2008, one of the $1,000,000 lines of credit bore interest at one month Libor plus 150 basis points (3.4% at December 31, 2008) and expired in November 2009. Amounts outstanding under this credit line total $1,000,000 at December 31, 2008. In November 2009, the Institute secured another $1,000,000 line of credit, which bears interest at Libor plus 200 basis points (2.2% at December 31, 2009). This credit line expires in November 2010 at which time a renewal will be sought. Amounts outstanding under this credit line total $500,000 at December 31, 2009.

At December 31, 2008, the other $1,000,000 credit line also bore interest at one month Libor plus 150 basis points (3.4% at December 31, 2008) and expired in July 2009. Amounts outstanding under this credit line total $1,000,000 at December 31, 2008. In July 2009, the Institute secured a line of credit for $2,000,000, which bears interest at one month Libor plus 150 basis points (1.7% at December 31, 2009) and expires in July 2010 at which time a renewal will be sought. Amounts outstanding under this credit line total $2,000,000 at December 31, 2009.

The Institute does not believe there are any conditions that would change its ability to renew any of the credit lines. The credit lines are short-term in nature and, consequently, their carrying values are considered representative of their approximate fair values.

9. TERM LOANS AND REVENUE BONDS

Term loans and revenue bonds at December 31, 2009 and 2008, are comprised of the following:

	2009	2008
Packard Foundation loan of $3,000,000, unsecured, bears interest at fixed rate of 2.0%, interest due quarterly as amended and annually prior to amended effective date, principal due quarterly through November 2011 (as amended during 2009) and due annually beginning in May 2008 through May 2010 prior to the amended effective date	$ 1,636,364	$ 2,250,000
Revenue bonds	1,425,000	1,630,000
Total term loan and revenue bonds	$ 3,061,364	$ 3,880,000

Term Loan — In May 2006, Audubon Nature Institute, Inc. entered into a program related investment (PRI) agreement with The David and Lucille Packard Foundation for $3,000,000. Under this arrangement, proceeds from the PRI are to be used to rebuild, reopen, and re-market the Audubon Facilities. Effective May 12, 2009, the credit agreement between the Institute and The David and Lucille Packard Foundation was amended. Pursuant to the amended agreement, the remaining outstanding balance on the loan will be paid quarterly in equal installments of $204,545 through November 2011 at a fixed interest rate of 0.50% paid quarterly (2.00% paid annually prior to May 12, 2009). The estimated fair value of the term loan approximated $1,285,000 and $2,200,000 at December 31, 2009 and 2008, respectively.

Revenue Bonds — The Audubon Nature Institute, Inc. borrowed $3,060,000 under an Equipment and Capital Facilities Pooled Loan Program in connection with Revenue Bonds Series 2001B issued by the Louisiana Public Facilities Authority (LPFA). Under this arrangement, proceeds from the note were deposited into a separate project capital fund maintained on behalf of the Institute by a trustee. The restricted funds were released to cover the cost of certain defined capital projects as such project costs were incurred. As of December 31, 2008, approximately $3,060,000 of such funds had been disbursed to cover the cost of certain capital projects in process and no amounts remained available for expenditure. Monthly principal payments of $17,000 plus interest (1.37% and 2.18% at December 31, 2009 and 2008, respectively) are paid into a debt service fund under the arrangement based on a 15-year amortization; however, bond and interest payments are made to bondholders semi-annually. Bonds are due December 2016. Amounts held in the escrow fund for payment by the trustee are included in restricted assets at December 31, 2009 and 2008. The balances outstanding under the LPFA bonds were $1,425,000 and $1,630,000 at December 31, 2009 and 2008, respectively. The estimated fair value of the revenue bonds approximated $1,425,000 and $1,630,000 at December 31, 2009 and 2008, respectively.

Future debt payments due under the above borrowings are as follows:

Years Ending December 31	
2010	$1,022,180
2011	1,022,184
2012	204,000
2013	204,000
2014	204,000
Thereafter	405,000
Total	$3,061,364

10. OTHER TRUSTS

The Audubon Nature Institute, Inc. and the University of New Orleans (the "University") have established four funded trusts to support four endowed chairs at the University. Under an affiliation agreement with the University, the chairholders will conduct research at Audubon Center for Research of Endangered Species and discharge academic responsibilities at the University. These trusts were funded by private donations totaling $2,400,000 and combined with $1,600,000 in matching funds from the Louisiana Trust Fund for Eminent Scholars. This funding set up four $1,000,000 chairs. The trust assets are not included in the Institute's assets. Audubon Nature Institute, Inc. and the University jointly benefit from trust distributions that fund the chairholders' research and academic responsibilities. At December 31, 2009 and 2008, senior scientists occupied one chair of the Audubon Center for Research of Endangered Species.

11. CONTINGENCIES

Certain claims and suits have been filed against the Institute. The majority of these claims are covered by insurance and, based on all available information and consultation with the Institute's legal counsel, management does not believe the ultimate resolution of these matters will have a significant effect on the Institute's financial position, results of operations, or cash flows.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

ASC 820, *Fair Value Measurement and Disclosures* (ASC 820), establishes a common definition for fair value to be applied to U.S. generally accepted accounting principles requiring use of fair value, establishes a framework for measuring fair value and expands disclosures about such fair value measurements

The Institute adopted ASC 820 as of January 1, 2008 for financial assets and financial liabilities, and there was no impact on the Institute's financial position and results of operations for the year ended December 31, 2008.

ASC 820 establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values. ASC 820 requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices are observable for the asset or liability.

Level 3: Unobservable inputs for the asset or liability.

The Institute endeavors to utilize the best available information in measuring fair value. Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement.

Assets and Liabilities Measured at Fair Value —

Recurring Fair Value Measurements — The fair value of assets and liabilities measured at estimated fair value on a recurring basis, including those items for which the Institute has elected the fair value option, are estimated as described in the preceding section. These estimated fair values and their corresponding fair value hierarchy are summarized as follows:

	December 31, 2009			
	Fair Value Measurements at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Estimated Fair Value
	(In millions)			
Equity	$ 10,998,208	$ -	$ -	$ 10,998,208
Fixed income	3,107,335			3,107,335
Money market accounts	1,714,429			1,714,429
International equity	1,865,317			1,865,317
Emerging markets	1,222,650			1,222,650
Hedge funds			6,616,003	6,616,003
REIT	2,148,628			2,148,628
Total return assets/inflation hedges			781,912	781,912
Total	$ 21,056,567	$ -	$7,397,915	$ 28,454,482

	December 31, 2008			
	Fair Value Measurements at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Estimated Fair Value
	(In millions)			
Equity	$ 8,782,060	$ -	$ -	$ 8,782,060
Fixed income	3,016,396			3,016,396
Money market accounts	385,939			385,939
International equity	1,178,550			1,178,550
Emerging markets	799,215			799,215
Hedge funds			5,712,239	5,712,239
REIT	1,845,945			1,845,945
Total return assets/inflation hedges			703,796	703,796
Total	$ 16,008,105	$ -	$ 6,416,035	$ 22,424,140

A rollforward of the fair value measurements for all assets and liabilities measured at estimated fair value on a recurring basis using significant unobservable (Level 3) inputs for years ended December 31, 2009 and 2008 is as follows:

	December 31, 2009					
	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)					
		Total Realized/Unrealized Gains (Losses) included in:				
	Balance, January 1, 2009	Earnings (Loss)	Other Comprehensive Income (Loss)	Purchases, Sales, Issuances & Settlements	Transfer In and/or Out of Level 3	Balance, December 31, 2009
Hedge funds	$ 5,712,239	$ 903,764	$ -	$ -	$ -	$ 6,616,003
Total return assets/inflation hedges	703,796	78,116				781,912
TOTAL	$ 6,416,035	$ 981,880	$ -	$ -	$ -	$ 7,397,915

				Gains (Losses) included in:				
	Balance, January 1, 2008	Impact of ASC 820 Adoption	Balance, beginning of period	Earnings (Loss)	Other Comprehensive Income (Loss)	Purchases, Sales, Issuances & Settlements	Transfer In and/or Out of Level 3	Balance, December 31, 2008
Hedge funds	$ 5,415,375	$ -	$ 5,415,375	$ (1,703,136)	$ -	$ 2,000,000	$ -	$ 5,712,239
Total return assets/inflation hedges	912,861		912,861	(209,065)				703,796
TOTAL	$ 6,328,236	$ -	$ 6,328,236	$ (1,912,201)	$ -	$ 2,000,000	$ -	$ 6,416,035

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ADDITIONAL CONSOLIDATING INFORMATION

AUDUBON NATURE INSTITUTE, INC. AND AUDUBON NATURE INSTITUTE FOUNDATION

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION AS OF DECEMBER 31, 2009

ASSETS	AudubonA Nature Institute, Inc.	udubon Nature Institute Foundation	Total
CASH AND CASH EQUIVALENTS	$ 109,684	$ -	$ 109,684
ACCOUNTS AND GRANTS RECEIVABLE	830,235		830,235
INVESTMENTS	1,655,449	26,799,033	28,454,482
PLEDGES RECEIVABLE	3,107,823	177,008	3,284,831
DUE FROM AUDUBON COMMISSION	9,839,238	(732,456)	9,106,782
PREPAIDS AND OTHER ASSETS	24,275		24,275
EQUIPMENT LESS ACCUMULATED DEPRECIATION OF $61,988	21,140		21,140
RESTRICTED ASSETS — LPFA bonds	124,813		124,813
TOTAL	$15,712,657	$26,243,585	$41,956,242

LIABILITIES AND NET ASSETS			
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	$ 134,646	$ 5,362	$ 140,008
ACCRUED COMPENSATION	1,683,029		1,683,029
LINES OF CREDIT	3,500,000		3,500,000
TERM LOAN	1,636,364		1,636,364
LPFA BONDS	1,425,000		1,425,000
Total liabilities	8,379,039	5,362	8,384,401
NET ASSETS:			
Unrestricted — including Board designated	693,203	9,060,971	9,754,174
Temporarily restricted	6,640,415		6,640,415
Permanently restricted		17,177,252	17,177,252
Total net assets	7,333,618	26,238,223	33,571,841
TOTAL	$15,712,657	$26,243,585	$41,956,242

AUDUBON NATURE INSTITUTE, INC. AND AUDUBON NATURE INSTITUTE FOUNDATION

CONSOLIDATING SCHEDULE OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2009

	Audubon Nature Institute, Inc.	Audubon Nature Institute Foundation	Total
REVENUE AND OTHER SUPPORT:			
Government grants	$ 197,618	$ -	$ 197,618
Gifts, exhibit/program sponsorships	3,101,493	77,000	3,178,493
Investment gain	347,604	5,412,221	5,759,825
Imputed interest on pledges	(8,502)		(8,502)
Fundraising activities	1,088,723		1,088,723
Net assets released from restrictions — endowment income transferred to Audubon Commission funds		(474,359)	(474,359)
Total revenue and other support	4,726,936	5,014,862	9,741,798
EXPENSES:			
Grant expense to the Audubon Commission	3,478,681		3,478,681
Development and fundraising activities	1,619,960		1,619,960
Termite education grant	92,009		92,009
Interest	121,762		121,762
Investment expenses		99,142	99,142
Other expenses	101,189		101,189
Total expenses	5,413,601	99,142	5,512,743
CHANGE IN NET ASSETS	(686,665)	4,915,720	4,229,055
NET ASSETS — Beginning of year	8,020,283	21,322,503	29,342,786
NET ASSETS — End of year	$7,333,618	$26,238,223	$33,571,841